

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2020-249

**JOINT COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE AND THE  
DELIVERY TECHNOLOGY ADVOCACY COUNCIL**

**(August 31, 2020)**

Pursuant to Order No. 5638 (“Order”), the Association for Postal Commerce (“PostCom”) and the Delivery Technology Advocacy Council (“DTAC”) submit these joint comments on the Postal Service’s Notice and Order of Price Adjustment for Competitive Products (“Notice”). The price adjustment noticed by the Postal Service complies with applicable statutory requirements. However, the external conditions that have led to unprecedented growth in the Postal Service’s package business, and hence to this Notice, have contributed to a noticeable decline in the quality of service. Seeking higher prices while underperforming on service may be compliant with relevant regulations, but risks alienating existing customers. Furthermore, the eventual implementation of price changes raises practical concerns that require comment.

**I. POSTAL CUSTOMERS WILL HAVE TO ENDURE THREE PRICE CHANGES IN SIX MONTHS**

According to the Postal Service’s notice, a temporary price adjustment on “will take effect on October 18, 2020, and will roll back to current levels on December 27, 2020.” Notice at

1. Presumably, the Postal Service intends to notice a price change of general applicability for competitive products to take effect in late January 2021 as is customary. If so, the Postal Service’s customers, and their suppliers, will have to implement three price adjustments in just over three months. It is true the noticed change in this proceeding is limited to price levels and

will not include “new products or price categories.” However, customers will have to develop and maintain new pricing tables as the current tables will return to applicability on December 27, mere weeks before price adjustments for both competitive and market dominant products are expected. Thus, the customers and service providers our associations represent will incur the costs associated with additional development cycles during the period where necessary resources are being used to prepare for general price adjustments in January of 2021. This will increase the costs incurred by Postal Service’s customers and increase the probability of error, which could lead to application of surcharges through postage adjustment factors (PAF).

Additionally, to accommodate postal customers, technology suppliers will have to severely curtail other business opportunities and shift resources to accommodate an unrealistic schedule. Those suppliers, who are acutely aware of the impact price changes have on their clients, are not suggesting that the temporary adjustment remain in effect until the next general price adjustment. Rather, the appropriate remedy is for the Postal Service to provide a longer notice period, and to improve the methods by which it communicates its intended changes to its industry partners, all of whom are also dealing with the COVID pandemic, the presumed antecedent to this unprecedented change by the Postal Service.

## **II. THERE IS CONFUSION REGARDING IMPLEMENTATION OF THE NOTICED PRICE ADJUSTMENT**

The limited notice and comment period for competitive price changes necessitates an abbreviated comment period. As of the filing deadline, our members report considerable confusion regarding the implementation of the price adjustment. For instance, the Postal Service has provided different responses regarding the applicability of the new prices to existing negotiated service agreements. Our Associations acknowledge that the Postal Service has legal authority to adjust prices for competitive products but suggest that, given the shorter lead times

for implementation, greater care should be taken to ensure that customers can receive timely, consistent, and accurate information about price changes.

### **III. CONCLUSION**

As described above, PostCom and DTAC recognize the Postal Service's legal authority to implement the proposed price adjustment. Apart from that legal authority, we argue that the Postal Service has an obligation to take into account the practical impacts of its price adjustments and to provide necessary information regarding the implementation of those changes to its customers. We urge the Postal Service to engage with its industry partners earlier in the pricing development process and to commit to needed process improvements to minimize the harm that its pricing decisions inflict upon postal customers and the supplier community.

Respectfully submitted,

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